

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7104

BILL NUMBER: HB 1264

DATE PREPARED: Feb 19, 2001

BILL AMENDED: Feb 19, 2001

SUBJECT: Family Leave Requirements for Certain Small Businesses.

FISCAL ANALYST: John Parkey

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill allows an employee who works for an employer that employs at least 20 employees but not more than 49 employees to take family leave to be with the employee's child or spouse for prenatal preparations or for the birth, adoption, serious illness, or injury of the employee's child, or the illness or injury of the employee's parent or spouse. The bill provides that an employee must work at least 30 hours per week to be eligible for family. The bill provides that an employer is not required to grant family leave to an employee who is among the highest paid 10% of employees. The bill requires an employer to notify an employee of the denial of family leave. The bill protects an employee's employment and benefit rights. The bill requires the Commissioner of Labor to enforce these provisions.

Effective Date: January 1, 2002.

Explanation of State Expenditures: (Revised) This bill would entitle employees who work at least 30 hours per week for businesses or institutions that have between 20 and 49 employees to unpaid family leave for specified periods of time during any twelve-month period. (The bill provides that an employer is not required to grant leave to a person that among the highest paid 10% of employees.) An employee could take family leave for a variety of reasons, including the birth or adoption of a child, or the serious illness or injury to a child, spouse or parent. Employees on family leave would retain their work status and insurance benefits.

According to 1997 census data, 13,566 establishments, or approximately 9% of Indiana's businesses would be affected by this bill and approximately 410,000 employees would become eligible for the family leave benefit. By comparison, a similar federal law covers approximately 1,475,000 employees in Indiana. As a point of interest, the U.S. Department of Labor took action on 228 complaints filed by Indiana employees under the federal Family and Medical Leave Act (FMLA) during FFY 2000. (Federal law covers most businesses with over 50 employees, public agencies, including state, local and Federal employers, and schools).

The Department of Labor (DOL) would have the responsibility of enforcing this bill, including investigation and adjudication of any complaints. Based on the experience of federal administrators in Indiana regarding the family leave requirement for larger employers, the DOL expects to receive approximately 1,500 complaints each year. In order to investigate the additional complaints, it is estimated that DOL would need to hire three to four staff members. The estimated cost of salaries, fringe benefits, and indirect costs could range from \$92,000 to \$165,000, depending on investigative workload and administrative decisions as to personnel requirements.

If the Department needs to litigate any of the additional complaints, the Department could also incur fees associated with the contracting of an administrative law judge.

In addition to the staffing requirements above, the DOL also estimates that it would require a vehicle to facilitate investigations at an estimated cost of \$20,000.

The bill does not contain an appropriation. The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. The Department of Labor reverted \$403,753 to the state General Fund in FY 2002. According to the state personnel report, the Department had 22 vacancies as of December 2000. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Explanation of State Revenues: Violation of the family leave law carries a \$1,000 civil penalty. Any penalty collected would be deposited into the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Department of Labor.

Local Agencies Affected:

Information Sources: Pete Rimsans, Deputy Commissioner, Indiana Department of Labor, 232-2655; Connie Kliptsch, District Director of the Indianapolis Office, U.S. Department of Labor, 226-6783.